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January 9, 1995

Via Facsimile 202-634-7651

Rosalind K. Allen, Esq.
Wireless Telecommunications Bureau
Federal Communications Commission
2025 M Street, N.W.
Room 5202
Washington, D.C. 20554

DOCKET FILE COPY ORIGINAL

Re: Request for Expedited Clarification of the Fifth Memorandum Opinion and Order in the matter of Implementation of Section 309(j) of the Communications Act-Competitive Bidding, PP Docket No. 93-253

Dear Ms. Allen:

This letter is submitted to you requesting expedited clarification of the Commission's rules as they relate to the financial eligibility requirements for the Entrepreneur's Blocks and for purposes of qualifying as a small business.

Specifically, the FCC rules establish a ceiling of gross revenues of \$125 million in each of the last two years. See Section 24.709(a). In addition, Section 24.720(b)(1) defines a small business as an entity that, together with its affiliates, has average annual gross revenues that are not more than \$40 million for the preceeding three years.

Unfortunately, the rules don't clearly address the effect of acquisition strategy whereby a smaller company, through a process commonly referred to as a "reverse acquisition" takes control over a larger company.

For explanation purposes, please consider the following scenario: Company A and Company B have operated for over ten years and are solely owned and controlled by minorities. Company A is solely owned by the father and Company B is solely owned by the sons. In 1991, 1992 and 1993, Company A and Company B had combined annual gross revenues of less than \$125 million in each year and had an average annual gross revenue of less than \$40 million for the same period.

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However, in 1994 Company A and Company B entered into a "reverse acquisition" with Company C. Unlike Company A and Company B, Company C had gross revenues in excess of \$125 million in 1991, 1992, and 1993 and was not minority controlled. In the transaction, Company C issued common stock to the shareholders of Company A and Company B in exchange for all of the outstanding stock of Company A and Company B. Company C therefore owns Company A and Company B after the exchange of stock. However, the former shareholders of Company A and Company B received approximately 65% of the outstanding shares of Company C. Thus, the former shareholders of Company A and Company B control Company C after the exchange of stock and control Company C's Board of Directors and Officers. Company C has been renamed Company D, but remains controlled by the former shareholders of Company A and Company B. See Demonstrative Chart attached hereto.

Under FCC rules and regulations, if Company C was a licensee, the above referenced acquisition would have required prior Commission consent for the transfer of control of Company C to the former shareholders of Company A and Company B.

Company A and Company B desire to create a joint venture, wherein Company A and Company B together would constitute the control group, to apply for Blocks C and F, as a small business. Company C and Company D will not be parties to the application, since Company C had no relationship with Company A and Company B prior to 1994 and Company D did not exist, as presently owned and controlled prior to 1994.

Thus, questions arise under the above scenario, assuming applications are filed prior to June 30, 1995, of whether Company A and Company B remain qualified for Blocks C and F without regard to the gross revenue of Company C and; whether Company A and Company B remain qualified as small businesses without regard to the gross revenue of Company C.

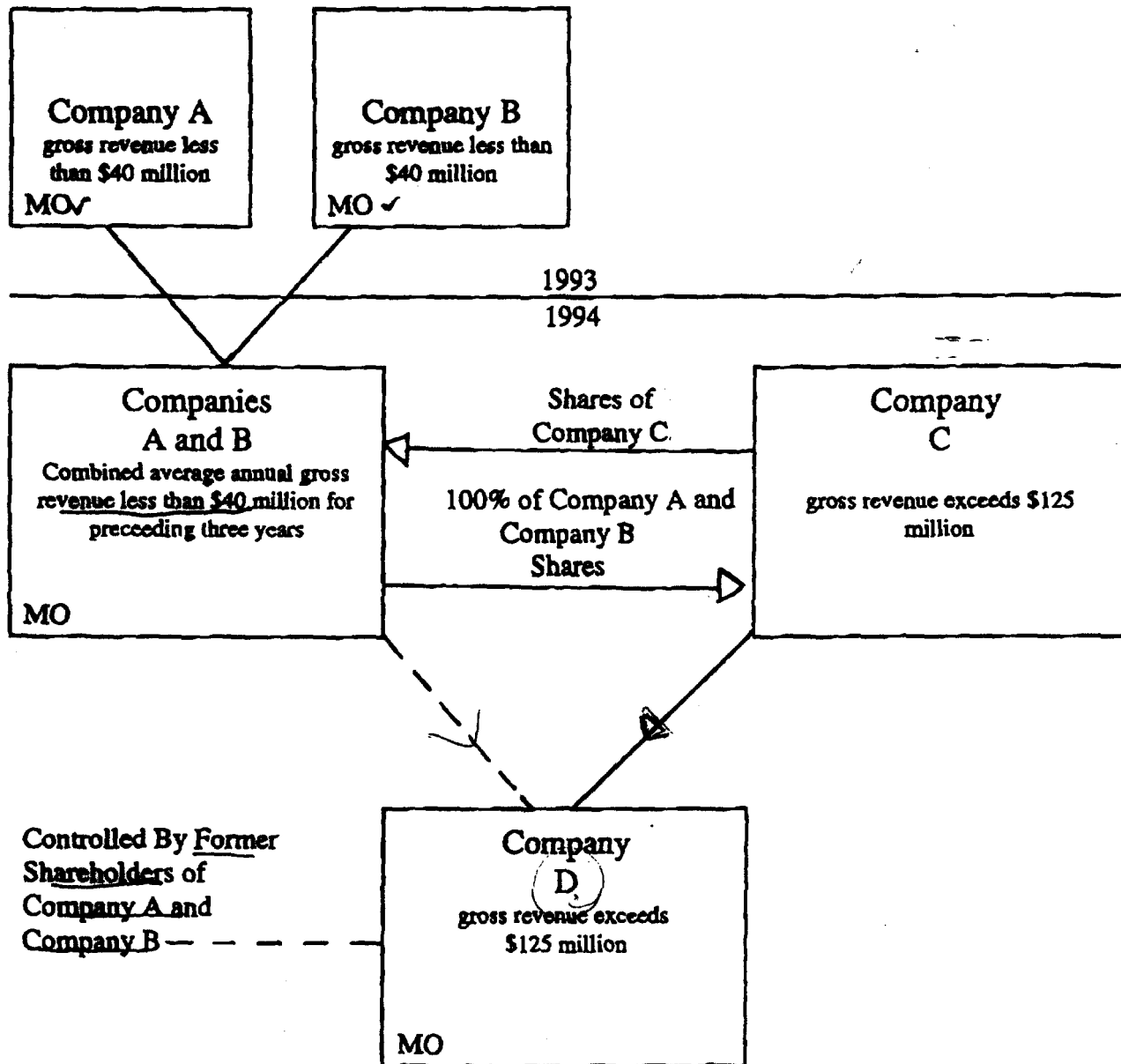
Given the announced filing date of February 28, 1995 and the necessity to conclude extensive negotiations with potential investors prior to that date, your expedited consideration of this matter is greatly appreciated.

Sincerely yours,


Matthew L. Leibowitz

MLL/mdr

DEMONSTRATIVE CHART



MO = Minority Owned and Controlled